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ABSTRACT

Patterns in responses of colleges to fiscal stress were assessed. Attention was directed to the responses over a 10-year period, of 23 four-year colleges and universities that were observed in "A Report on the Financial Conditions Project" (1981) by the American Council on Education (ACE) and the National Association of College and University Business Officers (NACUBO). Data collection centered around five response categories: operations, programs, faculty, policy development, and severe responses. Analysis involved secondary analysis of the ACE/NACUBO report data for fiscal years (FYs) 1975-1978, and analysis of questionnaire results on institutional responses during FYs 1979-1981 and 1982-1984. In the aggregate, a pattern of responses was found: the less reactive operational and programmatic responses preceded the more reactive responses. With time, measures associated with policy development and faculty adjustments increased. The severe responses, though small in number, were confined to the declining colleges. Disaggregated data showed that behavior of colleges was individualistic, and the potentially more reactive responses from the faculty adjustments and policy development categories were not always associated with decline. Since 1978, faculty participation in planning and implementation of retrenchment strategies increased, and innovative activity increased as a result of fiscal stress. A 10-page literature review precedes the study, which also includes a 30-item bibliography. (SW)

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IMPLICATIONS OF FISCAL STRESS IN HIGHER EDUCATION INSTITUTIONS

by

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ABSTRACT

This study was directed toward building a theory of retrenchment. To understand better institutional behavior during decline, it seemed pertinent to determine whether a patterned sequence of institutional responses to fiscal stress existed.

Previous studies suggested a pattern of responses but had not analyzed those actions over a long period of time. This study examined the responses, over a ten-year period, of twenty-three, four-year colleges and universities that were observed in A Report on the Financial Conditions Project (1981) by the American Council on Education and the National Association of College and University Business Officers. Data collection centered around five response categories--operations, programs, faculty, and severe responses. Analysis was a two-phase process: secondary analysis of the ACE/NACUBO report provided data for FYs 1975-78, and analysis of questionnaire results revealed institutional responses during FYs 1979-1981 and 1982-84. Institutions were grouped by enrollment experience. It was hypothesized that less reactive measures would be used in the early stages of stress, but that more reactive, traditionally rational actions would become commonplace and more acceptable once the need for change was apparent.

In the aggregate, the study found a pattern of responses: The less reactive operational and programmatic responses preceded the more reactive responses. With time, measures associated with policy development and faculty adjustments increased. The severe responses, though small in number, were confined to the declining institutions.

Disaggregated data showed that institutional behavior was individualistic. Contrary to what was anticipated, potentially more reactive decisions frequently were not associated with decline; growing/stable institutions often were more responsive than declining ones.

The study found that, since 1978, faculty participation in planning and implementation of retrenchment strategies increased; such responses likely attempt to make the change more agreeable. Contrary to the literature, respondents indicated that innovative activity increased as the result of fiscal stress, and that faculty morale improved. Furthermore, there is an apparent relationship between decline and the appointment of new presidents.

IMPLICATIONS OF FISCAL STRESS IN HIGHER EDUCATION INSTITUTIONS

In higher education, organizational retrenchment (i.e., responses to decline in resources) occurs in varying ways. As states experience revenue shortfalls, cuts in appropriations to state colleges and universities become commonplace. Currently and concommitantly, many institutions face enrollment decline and internal enrollment shifts, that is, shifts in student demand among internal units. These problems face most institutions to varying degrees. Thus, the scarcity of resources usually forces a change in organizational behavior of the institution. Accustomed to growth and expansion, many administrators are likely to find the management of decline a difficult and unfamiliar task.

> It is easier to coordinate growth than decline, to add than to subtract, to benefit all than to decimate some. For just as growth adds resources,...decline takes away resources,... and in spite of fierce resistance, threatens the continued existence of some campuses and programs. In a growth situation, everyone benefits to some extent. During a decline, some may lose a little, while others may lose everything. The American context makes the processes of decline peculiarly different because growth has been the American way of life; decline is "un-American," even in the academic sector. Academics who once said that "bigger is worse" now fear that small will be disastrous (Kerr, 1980, p. 53).

This study was directed toward building a theory of retrenchment in higher education, a theory that would explain and offer a better understanding of institutional responses to a decline of resources (i.e., financial and human resources). By analyzing what decisions had been made, their magnitude and sequence, this study attempted to identify whether a patterned sequence of institutional responses to fiscal stress existed in order to construct a theoretical statement to describe what was happening during the period of

adjustment to enrollment/fiscal stress. With the changing and uncertain environment confronting higher education, a better understanding of institutional behavior during decline seemed pertinent.

Previous Retrenchment Research

Previously, the existing retrenchment literature was not directed toward building a retrenchment theory; however, that literature was useful in setting the stage. The literature review quickly proves that a single, simplistic explanation as to how leadership and their organizations adapted is not feasible. As in all such matters, personalities and conditions vary so as to prohibit a simple answer. Nevertheless, the purpose of theory is to add analytical clarity, to provide a basis for contrasting and assessing.

Upon reviewing selected literature, it was possible to classify the approach of the research as either neo-theoretical or atheoretical. Selected studies with neo-theoretical approaches to retrenchment in higher education, that is, studies suggesting patterns of institutional responses to stress, suggest a theory where, initially, institutions make reductions in areas with little or no impact on instruction and faculty. As fiscal/enrollment stress worsens, institutional responses become more severe, frequently necessitating reductions in both programs and faculty. In contrast, selected studies with atheoretical approaches to retrenchment in higher education do not suggest patterns of institutional responses to fiscal stress nor offer generalizations related to a theory of retrenchment. They do, however, relate a myriad of responses--for the most part, responses that indicate a change in institutional behavior--necessitated by budgetary constraints.

Research with Neo-theoretical Approaches to Retrenchment

This section provides an overview of selected studies with neo-theoretical approaches to retrenchment in higher education. The implications of the neo-theoretical literature are that behavioral patterns do exist. The studies suggest that, initially, institutions make reductions that generally are not controversial. As fiscal/enrollment stress worsens, institutional responses become more severe and are likely to generate discord when both programs and faculty are targets for cuts.

Cheit in 1971, and in a follow-up in 1973, analyzed the financial conditions of forty-one institutions. The 1971 study suggested five chronological categories of responses to financial stress or constraint. These categories include the postponement of new commitments, reduction of expenditures, reallocation, searching for new funds, and planning. From his research Cheit concluded that these five strategies to reduce expenditure growth were "efforts toward a more controlled and sophisticated management" (Cheit, 1971, p. 89). In the follow-up to the 1971 study, Cheit (1973) found that although there was no single pattern to explain how institutions had been affected and, in turn, how they had responded, that a shortage of funds, indeed, forced institutions to change. The changes were products of a continuous process. The study found that the change process led to increased awareness by the faculty and administrators of the expenditure-income difficulties, and the development of new management practices and organizational relationships. All respondents in the follow-up study agreed on the desirability of participation by the university community in decision making. "Thus the problem becomes one of cooperation and of maintaining creative tension between somewhat different

constituencies at a time of changing roles for administrators" (Cheit, 1973, p. 68).

In a later study done by Bowen and Glenny (1980) for the California Postsecondary Education System, the researchers identified four categories of responses to fiscal stress which they found in the ten institutions observed. The categories emanating from the Bowen and Glenny study provide the closest semblance of a theoretical approach available for explaining institutional responses to fiscal stress. The authors stated, however, that these categories identified by their study "do not represent an attempt to develop a concept or theory of institutional responses to stress. Any such concept or theory would probably give a greater role to time factors..." (Bowen and Glenny, 1980, p. 80).

The authors described the first category as "operational responses that are designed to relieve immediate stress" (Bowen and Glenny, 1980, p. 27). Considered to be short-term with little impact on instruction or on tenured faculty, typical responses included across-the-board cuts and reductions in travel funds, maintenance, clerical staff, and summer sessions.

"Programmatic responses that have little impact on faculty" (Bowen and Glenny, 1980, p. 27) form the second type of response. Judged to have longer-lasting implications than operational responses, programmatic responses were found to be scattered across academic and nonacademic areas.

Bowen and Glenny's third type of response is "faculty adjustments that rely primarily on attrition" (Bowen and Glenny, 1980, p. 27). Reliance on attrition to protect faculty positions frequently resulted in staff imbalances that could not be corrected until faculty members resigned, retired, or died. The authors observe that reliance on attrition may be an appropriate response

to uncertainty in order to protect the institution's primary resource--its faculty--but that tremendous risks are associated with this type of response. Bowen and Glenny equate reliance on attrition to reliance on "blind justice...an often accepted substitute for informed judgment" (Bowen and Glenny, 1980, p. 35).

"Faculty adjustments that rely primarily on program considerations" (Bowen and Glenny, 1980, p. 27) represent Bowen and Glenny's fourth category. They found that emphasis on program needs occasionally resulted in the termination or layoff of faculty. Yet, to match staffing levels with workload is difficult in higher education. Faculty adjustments and program changes often are complicated by traditional institutional practices such as student/faculty ratios and tenure.

Bowen and Glenny offer a possible fifth category--"procedural responses that are themselves determined by conditions of stress are also the means of determining other responses" (Bowen and Glenny, 1980, p. 27). The authors point out that procedures, as a response to stress, can be used "to impose a little order on the otherwise shapeless threat of uncertainties" (Bowen and Glenny, 1980, p. 51).

The results of two surveys of the State Higher Education Executive Officers (SHEEO) were similar to Bowen and Glenny's (1980) findings and also to those of Cheit (1971). The first report, The Effect on Higher Education of State Actions in Response to Unanticipated Revenue Shortfall (Wittstruck, 1982), described the actions taken in response to unanticipated reductions in postsecondary appropriations and, in some cases, predicted revenue shortfalls during January and February 1982, by forty-three states. The first survey found that three "income generating initiatives" (Wittstruck, 1982, p. 19)

included increasing tuition, imposing surcharges, and adding a differntial fee. In contrast, "expenditure reduction measures" (Wittstruck, 1982, p. 21) involved a variety of responses to effect reduced spending. The responses ranged from widespread reductions or curtailment of operating expenses to more infrequent reductions of nontenured faculty and even tenured faculty.

The second SHEEO survey, The Effect of State Budget Reductions on Higher Education, Fiscal Year 1982-83 (Education Commission of the States, 1983), focused on budget adjustments made during the fiscal year, as opposed to the regular year-to-year budget cycle, and on the impact of those actions. This second survey found that most of the actions reported in the initial survey continued. The survey found that when reductions were made early in the fiscal year, time was allowed for selective reductions based on institutional needs and programmatic priorities. Adjustments made later in the fiscal year typically resulted in across-the-board percentage reductions without regard for the differential impacts on institutions and programs.

Research with Atheoretical Approaches to Retrenchment

This section provides an overview of selected studies that have atheoretical approaches to retrenchment in higher education--that is, these studies do not suggest patterns of institutional responses to fiscal stress; they do not offer generalizations related to a theory of retrenchment but describe a variety of responses common during retrenchment. In most cases, researchers emphasize the need for more rational management to respond to declining conditions but show that frequently political barriers impede the successful implementation of such strategies. Throughout this section, some themes reoccur: institutions should respond to decline and uncertainty with measures

that permit flexibility, that include all elements of the institution in the decision-making process, and that are appropriate to the individual institution.

A joint study by the American Council on Education (ACE) and the National Association of College and University Business Officers (NACUBO), A Report on the Financial Conditions Project (1981), relates how thirty-seven institutions responded to financial stress between 1975 and 1978. The findings of the ACE/NACUBO study, although not suggesting a pattern of responses, indicate that the institutions in the sample had responded, for the most part, with operational responses as described by Bowen and Glenny (1980). In site visits to each of the institutions, the researchers focused on financial stresses and responses, marketing stresses and responses, and academic stresses and responses. In response to marketing stresses, 60 percent of the institutions reported more aggressive recruitment of undergraduate students. Additionally, institutions initiated special programs for nontraditional students. Short-term economies such as maintenance deferrals were common responses to financial stresses. However, when administrators and faculty members were found to be reluctant to evaluate operations or to set priorities, the short-term economies eventually became the sources of stress. Addition financial actions included holding down faculty salaries, expanding fund-raising efforts, and other operational reductions. Academic stresses resulted in placing attention on changing student interests and the changing job market. Diversified course offerings were reported as well as a few institutional mergers. Though most administrators believed that the quality of instruction had not been impaired, they responded that quality would deteriorate without additional resources.

In The Three "R's of the Eighties: Reduction, Reallocation and Retrenchment, Mortimer and Tierney (1980) recommend several rational strategies that can be used when financial resources are scarce. To grant an institution the flexibility it needs to adapt to change, the strategies concentrate on expenditure control as opposed to the acquisition of more resources.

Similar to Mortimer and Tierney's (1979) recommendation for the reallocation of resources, research conducted by the National Association of College and University Business Officers (Hyatt, Shulman, and Santiago, 1984) focused on reallocation as a long-term approach to fiscal stress. The study revealed that retrenchment commonly accompanied initial budget reductions, but that reallocation represented the long-term approach. Closely resembling the findings of Bowen and Glenny (1980), the NACUBO case studies found that if the financial crisis appeared to be short-term, across-the-board reductions (such as reduction of support services, travel freezes, and postponement of equipment purchases) were typical responses. If the financial situation worsened, a combination of across-the-board and selective reductions was used. As a result of their research, the authors recommend the involvement of constituent groups in decision making. Once the rationale and need for reallocation were clearly established, communication and cooperation improved at most institutions.

A study by the Southern Regional Education Board (SREB) analyzed the impact of retrenchment on higher education institutions and the management strategies for responding to decline. The results of the study, contained in Challenges of Retrenchment (Mingle et al., 1981), do not suggest a pattern of responses but describe the variety of strategies and responses typical among institutions encountering financial and enrollment stress. The study shows

that many strategies are chosen because they are rational approaches but often are unsuccessful because, frequently, the barriers are political.

In the SREB study Mingle and Norris (1981) assert that institutions have developed strategies that combine elements of both resistance and adaptation. Resisting decline involves the use of marketing techniques in the form of retention programs, efforts to improve student life, strengthening standards, and seeking new sources of revenue. In comparison, adapting to decline requires the use of planning tools (e.g., enrollment planning and cost studies), institutional reassessment, and cutback strategies that increase institutional flexibility (e.g., reallocation of faculty members and elimination of academic programs and departments).

In a study by Dallam and Hoyt (1983), a random sample of department heads and faculty members at Kansas State University rated alternative responses to retrenchment, based on a fictitious but realistic scenario. Assuming faculty to be the fundamental strength of a university, the researchers were interested in identifying institutional actions that would be acceptable to faculty during a process of retrenchment. Acknowledging that faculty, by virtue of their training and academic traditions, are conservative in approaching change, the researchers found that, overall, faculty members and department heads were unwilling to accept significant change within their departments. Plans involving the reduction of faculty would draw considerable resistance. Attrition was the only acceptable measure to reduce faculty positions. Respondents from departments undergoing recent enrollment declines indicated they were more willing to accept heavier workloads than were other respondents. This finding would imply that faculty would be agreeable to greater productivity demands if that action would delay or cancel personnel reductions. The authors suggest

that faculty who collaborate to conserve resources will approach impending change more positively than those excluded from the planning process.

This section has described selected research on retrenchment that has both neo-theoretical and atheoretical approaches to retrenchment in higher education. The neo-theoretical literature suggests a pattern of institutional responses to financial/enrollment stress. On the other hand, the atheoretical literature relates a myriad of responses. The range and combination of institutional responses to stress appear limitless. The responses indicate a change in institutional behavior, necessitated by budgetary constraints.

Conceptual Framework

A bipolar framework, encompassing the dimension of reactivity, provided a basis for analyzing the institutional responses. Measures generally perceived by interest groups as nonreactive were at one extreme, and responses viewed as more reactive and controversial extended toward the other extreme. Borrowing the response categories established by Bowen and Glenny (1980), Leslie (1983) suggested that the chronology of institutional responses to stress is related to the amount of reactivity generated by the responses; that is, the order of responses begins with the politically acceptable measures and terminates with highly reactive program and faculty elimination. This notion of reactivity undergirds the framework of this paper.

It was hypothesized that in the early stages stress, the actions of leaders would tend to be noncontroversial when the need for change was not apparent. Over time, it was hypothesized that those responses would increase because they are viewed as harmless politically. As the conditions of stress

progressed to more severe levels, the actions of leaders would tend toward the more reactive end of the continuum.

Research Design and Procedures

Method and Analysis

Using a survey approach, this study served as a follow-up to A Report on the Financial Conditions Project (ACE/NACUBO,1981). Institutional responses to stress were categorized into five groups that emanate primarily from Bowen and Glenny's (1980) categories of sequential responses. The five response categories included (1) operational responses, (2) programmatic responses, (3) faculty adjustments and structuring incentives, (4) policy development, and (5) severe responses. The analysis portion was a two-phase process that covered three time frames: FYs 1975-1978, 1979-1981, and 1982-1984. Secondary analysis of the Site Visit Abstracts from the ACE/NACUBO report (1981) provided data for FYs 1975-1978, but the analysis was limited. Response categories used for data collection in this study were not criteria for reporting in the abstracts. Furthermore, since the abstracts were written independently by three authors, the descriptions of the stresses often are inconsistent. A questionnaire disseminated by NACUBO to presidents of sample institutions in May 1984 provided data for the two subsequent time frames: FYs 1979-1981 and 1982-1984.

Data collected by secondary analysis were analyzed only in the aggregate; classifying institutions according to enrollment growth or decline as done in the later time frames was not possible. In the analysis of questionnaire data, institutions were grouped into four groups, based on enrollment experience during the period analyzed, to determine whether institutions differed in their

responses to real or anticipated fiscal stress. Enrollment background was selected because institutional mergers or closures have been found to result from enrollment decline (Millett, 1976). The institutions that responded to the questionnaire were grouped according to enrollment experience. This grouping of institutions made it possible to identify whether certain responses were associated with conditions of growth or decline. The results of the questionnaire were aggregated as well as disaggregated.

Data Source

The stratified random sample was comprised of the twenty-six four-year institutions observed in the ACE/NACUBO report on financial conditions. The sample represented a wide geographic distribution, and within each region, most of the institutions are located within a fifty-mile radius of each other. Although the number of private institutions predominantly outnumbers the public institutions, it must be noted that the findings of this study appear to reaffirm the findings of other studies that looked strictly at public institutions.

Twenty-three of the twenty-six institutions in the sample completed and returned the questionnaires, yielding a response rate of 88 percent. When the institutions were grouped according to enrollment experience reported in the questionnaire, the breakdown was evenly distributed, both by control and location, with the exception of the eastern portion of the United States having a higher proportion of declining institutions. The following describes the institutional types by geographic location and control:

Type I (++): stable or growing conditions during FYs 1979-1981, FYs 1982-1984, N= 5;

Northeast Private (1)	Mid Atlantic Public (1)
South Public (1)	Central Plains Private (1)
Northwest Private (1)	

Type II (-+): decline during FYs 1979-1981, recovery during FYs 1982-1984, N= 5;

Mid Atlantic Private (1)	South Private (1)
Central Plains Public (1)	Northwest Private (2)

Type III (+-): growth during FYs 1979-1981, decline during FYs 1982-1984, N=10;

Northeast Private (2)	Mid Atlantic Private (2)
South Private (2)	North Central Private (1) Public (1)
Central Plains Private (1)	Northwest Public (1)

Type IV (--): decline during FYs 1979-1981, FYs 1982-1984, N=3.

Northeast Private (2)	Mid Atlantic Private (1)

Research Findings

In this section are described the institutional responses to fiscal/enrollment stress over three time frames reflecting a total of ten years. Reported are the findings of the secondary analysis of the Site Visit Abstracts

from A Report on the Financial Conditions Project (ACE/NACUBO, 1981), representing actions taken during FYs 1975-1978, and the results of the questionnaire, characterizing institutional responses over two time frames: FYs 1979-1981 and FYs 1982-1984.

Institutional Responses by Category and Enrollment Experience

This section presents the research findings by response category. It was hypothesized that responses from the operational and programmatic categories would precede the others (faculty adjustments, policy development, and severe responses) because they are less controversial. To minimize reactivity from various interest groups, administrators initially would select responses that are perceived as harmless and nonpersonal. However, as decline continued or worsened, reactive responses would become more common and perhaps more acceptable. The discussion turns now to a category by category examination.

Operational Responses. The study found that responses associated with institutional operations are more abundant in the early stages of stress than are procedural or severe responses. Overall, operational responses tend to increase with time, regardless of the enrollment conditions; however, the magnitude of the increases apparently corresponds to the level of decline. Among the responses from this category, the original ACE/NACUBO report (1981) indicated that increased emphasis on fundraising, recruitment, and, to a lesser degree, the deferral of maintenance projects were the most frequent responses. This study found that those responses increased with time as did the number of other operational responses. By the latter time frame, FYs 1982-1984, substantial increases in the emphasis on fundraising, recruitment, publicity, and institutional services were noteworthy.

Table 1a. Frequency Counts and Percentage Distribution of Various Operational Responses of Higher Education Institutions, by Degrees of Enrollment Stress, 1979-1981 and 1982-1984

Variable[a]	Type I (++) N=5				Type II (-+) N=5				Type III (+-) N=10				Type IV (--) N=3			
	79-81		82-84		79-81		82-84		79-81		82-84		79-81		82-84	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%
CSTNFND	-		2	40	2	40	1	20	1	10	4	40	-		-	
HRGFRZ	-		1	20	1	20	2	40	-		2	20	1	33	1	33
ERLTUN	1	20	-		-		1	20	1	10	3	30	1	33	2	66
EQPMTPC	4	80	2	40	4	80	4	80	3	30	6	60	2	66	2	66
TUNSCG	-		-		1	20	3	60	-		1	10	-		-	
DFRMTC	3	60	2	40	3	60	3	60	7	70	10	100	2	66	2	66
RZTUN	-		-		1	20	-		3	30	4	36	-		-	
AKSBDKT	-		2	40	2	40	2	40	3	30	4	40	2	66	2	66

[a] (CSTNFND - new funding sources for construction; HRGFRZ - hiring freeze; ERLTUN- early tuition payments; EQPMTPC - equipment purchases postponed; TUNSCG - tuition/fee surcharge; DFRMTC - defer maintenance; RZTUN - tuition increase of 15 percent or more; AKSBDKT - across-the-board cuts)

[b] Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

Table 1b. Mean Scores of Various Operational Responses of Higher Education Institutions, based on Likert Scale, 1979-1981 and 1982-1984c

Variable[a]	Type I (++) N=5		Type II (-+) N=5		Type III (+-) N=10		Type IV (--)[b] N=3	
	79-81 $\bar{X}$	82-84 $\bar{X}$	79-81 $\bar{X}$	82-84 $\bar{X}$	79-81 $\bar{X}$	82-84 $\bar{X}$	79-81 $\bar{X}$	82-84 $\bar{X}$
PBLBJT	4.8	5.0	4.4	5.4	4.1	5.2	3.3	3.3
UZRFZ	4.8	4.8	4.8	5.0	4.0	4.0	4.0	4.3
FNDRZ	5.4	5.8	4.8	5.8	5.2	6.1	5.3	6.3
RCTBJT	5.2	5.4	5.0	6.0	5.3	5.6	4.6	6.0
LBYBJT	4.8	5.2	4.8	4.8	5.1	5.1	4.0	4.0
TVLFND	4.0	5.2	4.2	4.6	4.9	4.8	3.5	3.5
CLRSTF	4.0	4.0	4.6	4.6	4.3	4.4	4.0	3.5
INSTSVS	4.8	5.2	4.6	5.0	4.3	4.4	4.3	4.3

a
(PBLBJT - publicity budget increase; UZRFZ - increase in user fees; FNDRZ - fundraising; RCTBJT - recruiting budget increase; LBYBJT - library acquisitions budget increase; CRLSTF - clerical staff increase; TVLFND - increase in travel funds; INSTSVS - institutional services increased)

b
Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

c
Mean scores are based on responses and do not include nonrespondents; scores were derived from scale where the following values represented degrees of change: 1 - decreased much more than routinely; 2 - decreased more than routinely; 3 - decreased routinely; 4 - no change; 5 - increased routinely; 6 - increased more than routinely; 7 - increased much more than routinely.

Upon comparing the institutional behavior of the four institutional types (see Tables 1a and 1b), it was found that the Type IV (--) institutions were not as active in the operations category as the other groups of declining institutions, but the Type I (++) schools were the least active of all. None of the Type IV (--) institutions attempted to generate revenues by imposing tuition or fee surcharges or by significantly raising tuition; the other declining institutions, Types II (-+) and III (+-) did. The only significant changes among the Type IV (--) institutions were the increases in their emphasis on fund-raising and recruiting budgets; this group showed the largest amount of increase in those areas. In contrast, the Type I (++) institutions were the only group to increase considerably their travel funds and notably to decrease deferred maintenance and postponed equipment purchases.

Programmatic Responses. The questionnaire results showed that programmatic responses that have little impact on faculty increased with time as did the operational responses. The Site Visit Abstracts from the original ACE/NACUBO report (1981) indicated that retention programs and consortia participation were the most common responses to stress during the initial period of analysis. The follow-up survey found that retention programs continued to be emphasized, but that increasing importance was placed on the discontinuance of low-demand academic programs and the attempt to seek new markets through the rescheduling of classes at times more convenient for students.

Comparisons of the four institutional types (see Table 2), based on enrollment experience, demonstrate that programmatic responses occurred among all the groups. In some cases, however, distinctions are apparent. The Type I (++) group was the only one to report a decreasing emphasis on retention programs, while the other groups remained fairly constant on this item.

Table 2. Frequency Counts and Percentage Distribution of Various Programmatic Responses of Higher Education Institutions, by Degrees of Enrollment Stress, 1979-1981 and 1982-1984

Variable[a]	Type I (++) N=5				Type II (-+) N=5				Type III (+-) N=10				Type IV (--)[b] N=3			
	79-81		82-84		79-81		82-84		79-81		82-84		79-81		82-84	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%
CSRARG	2	40	3	60	2	40	3	60	-		1	10	-		2	66
NRLCPS	1	20	3	60	-		-		1	10	2	20	-		-	
DCTLDP	-		-		1	20	3	60	4	40	9	90	2	66	3	100
RETNPGM	4	80	3	60	3	60	3	60	5	50	6	60	3	100	3	100
RDUSMR	1	20	-		-		-		1	10	1	10	-		-	
NKECVNT	1	20	1	20	1	20	3	60	4	40	5	50	2	66	2	66

[a] RETNPGM - expansion of retention programs; DCTLDP - discontinuance of low-demand programs; NKECVNT - increase courses at convenient times for students; NRLCPS - enrollment caps in high-demand areas; CSARG - consortia participation; RDUSMR - reduce summer offerings

[b] Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

Similarly, the Type I (++) institutions were the only ones that did not eliminate low-demand academic programs. Program discontinuance was confined to institutions that had undergone declining enrollments; a large percentage of those institutions reported the program elimination in the 1982-1984 period. Furthermore, only Type I (++) and Type III (+-) institutions (all public) imposed enrollment caps, and only one Type I (++) school, as compared to large portions of other groups, attempted to open new markets (Leslie and Miller, 1974) through rescheduling of classes.

Faculty Adjustments. The majority of responses from this category were considered more serious because they affect faculty, the status of faculty, and the incentives related to that category. In light of responses from this category, the Site Visit Abstracts of the original ACE/NACUBO report (1981) described the establishment of new academic programs as being the most common. Both public and private institutions were reported to have created new programs. During that initial period of study, the more serious responses from this category were infrequent and generally were confined to the private institutions. The subsequent study found, however, that those more serious responses became more widely used as fiscal/enrollment stress continued, worsened, or threatened.

The survey revealed that reliance on attrition to reduce the size of the faculty was the most common response during FYs 1979-1981, while the establishment of new academic programs proved most common in the 1982-1984 period. At the same time, increases in the areas of reallocation measures, faculty retraining, program consolidation, and the termination of tenured faculty were apparent. In contrast, three responses from this category remained constant--the curtailment of sabbatical leave, the closure of a department, school, or

Table 3. Frequency Counts and Percentage Distribution of Faculty Adjustments and Incentives of Higher Education Institutions by Degrees of Enrollment Stress, 1979-1981 and 1982-1984

Variable[a]	Type I (++) N=5				Type II (-+) N=5				Type III (+-) N=10				Type IV (--) N=3			
	79-81		82-84		79-81		82-84		79-81		82-84		79-81		82-84	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%
YRNDBAL	-		1	20	2	40	3	60	2	20	3	30	-		-	
CSACDP	-		-		1	20	3	60	1	10	3	30	2	66	2	66
ESTNPG	2	40	2	40	1	20	4	80	2	20	7	70	2	66	3	100
ERLRET	2	40	-		-		1	20	3	30	4	40	1	33	1	33
RKFACPO	2	40	3	60	-		2	40	3	30	7	70	1	33	1	33
RLIATR	4	80	3	60	2	40	1	20	3	30	6	60	1	33	1	33
RTRAFAC	2	40	3	60	1	20	3	60	2	20	6	60	-		-	
RKFACMB	3	60	2	40	2	40	3	60	2	20	5	50	1	33	1	33
RDUBNFT	1	20	1	20	-		1	20	1	10	2	20	1	33	1	33
RDUSAL	1	20	1	20	-		1	20	-		1	10	2	66	2	66
NKEPT	3	60	2	40	-		2	40	2	20	3	30	3	100	3	100
NKETMP	3	60	2	40	-		2	40	3	30	4	40	2	66	2	66
NDPGM	2	40	3	60	2	40	2	40	1	10	2	20	1	33	2	66
NKETCLD	-		1	20	2	40	2	40	1	10	2	20	1	33	1	33
NKERAT	1	20	1	20	-		1	20	2	20	3	30	1	33	1	33
TMNTNF	1	20	-		-		1	20	1	10	2	20	1	33	1	33
NKEVLTF	1	20	-		-		1	20	-		-		1	33	1	33
NKEVLNF	-		1	20	-		-		-		-		-		-	
KTLSBT	1	20	1	20	-		-		2	20	2	20	2	66	2	66
TMTNF	-		1	20	-		-		-		2	20	1	33	1	33
CZDSC	-		-		-		-		2	20	1	10	-		1	33

[a] (RLIATR - reliance on attrition; ESTNPG - new academic programs; YRNDBAL- year-end balance; CSACDP - academic program consolidation; RTAFAC - retrain faculty; RKFACPO - reallocate faculty positions; ERLRET - early retirement incentives; RKFACMB - reallocate faculty members; RDUBNFT - reduce benefits; RDUSLR - reduce salaries; NKEPT - increase proportion of part-time faculty; NKETMP - increase proportion of temporary faculty; NDPPGM - increase interdisciplinary programs; NKETCLD - increase teaching load; NKERAT - increase student/faculty ratio; TMNTNF - increase termination rate of nontenured faculty; NKEVLTF - increase evaluation of tenured faculty; NKEVLNF - increase evaluation of nontenured faculty; KTLSBT - curtail number of sabbatical leaves; TMTNF - increase termination of tenured faculty; CZDSC - closure of department, school, or college)

[b] Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

college, and increasing incentives for early retirement. The lack of change in the response affecting early retirement perhaps reflects its lack of success in leading to sizeable reductions in the faculty or in creating new junior faculty positions as other studies have found (Mingle, 1981; Craven, 1981; Stadtman, 1980).

When the four institutional types were compared (see Table 3), Type I (++) institutions overall were found to be more active in this category than the other institutional types during the 1979-1981 period. In the 1982-1984 time frame, the growing/stable group decreased their usage of a number of the measures while the other groups increased such actions. The only exception was that reliance on attrition among Type II (-+) institutions dropped from two institutions in 1979-1981 to one in 1982-1984. Just as they were the only group not to report the elimination of academic programs, the Type I (++) schools were the only ones not to report consolidation of such programs. Termination of tenured faculty took place during the latter time frame in at least one institution in all but the Type II (-+) group.

Policy Development. Responses included in this category were infrequent during that first period of analysis, according to the Site Visit Abstracts of the original report. In those abstracts only one institution was mentioned to have adopted program review, and five were said to have changed their institutional missions. The subsequent study found that, with time, the establishment of policies that define institutional procedures and processes became more numerous.

The survey revealed that the greatest increase in this category was that of program review; 75 percent of the sample adopted a systematic program review process by the 1982-1984 period. Although not as prevalent as program review,

Table 4. Frequency Counts and Percentage Distribution of Various Policy Development Responses of Higher Education Institutions by Degrees of Enrollment Stress, 1979-1981 and 1982-1984

Variable[a]	Type I (++) N=5				Type II (-+) N=5				Type III (+-) N=10				Type IV (--)[b] N=3			
	79-81		82-84		79-81		82-84		79-81		82-84		79-81		82-84	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%
RETPLC	1	20	1	20	1	20	2	40	1	10	1	10	1	33	1	33
MSNCNG	1	20	-		1	20	3	60	-		1	10	-		-	
STDNPR	1	20	-		-		1	20	2	20	2	20	-		1	33
TENLMT	-		-		-		-		2	20	-		-		-	
MRTSTD	-		-		-		2	40	-		1	10	-		-	
PGMRVU	1	20	3	60	2	40	4	80	3	30	5	50	1	33	2	66

[a] RETPLC - written retrenchment policy; MSNCNG - change in institutional mission; STNDPR - increased promotion and tenure standards; TENLMT - tenure quota; PGMRVU - program review

[b] Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

by the last time frame the adoption of a written retrenchment policy was reported by nearly one-fourth (22.7 percent) of the institutions and was confined to private institutions. This latter finding conflicts with the findings of Baldridge, Kemerer, and Green (1982), who indicated that public institutions were more likely to have such written policies. Another finding that does not concur with previous studies (Mortimer, 1983; Baldridge et al., 1982; Mingle, 1982; Glenny et al., 1976) was that standards for tenure, promotion, and merit increases were being and would be tightened; this was found not to be the case.

Upon comparing institutional behavior among the four types (see Table 4), Type III (+-) institutions were more active in 1979-1981 than Types II (-+) and IV (--). Even though the number of institutions from all groups increased in their adoption of program review, the number of recovering institutions, Type II (-+), that changed their institutional missions increased from 20 to 60 percent. That raises an intriguing question as to whether that response provided the key to recovery. Additionally, this response may explain why this group was not as active in the other response categories.

Severe Responses. Actions from this final category are the most difficult to make politically. Because of their drastic nature, severe responses would be expected to be used by declining institutions, but not by the growing/stable ones.

The questionnaire results showed that institutional behavior as reflected in this final category did change from the initial time frame. Although institutional mergers were the only response from this category reported during the 1975-1978 time frame, it was the only response not reported from this category during the two subsequent periods. Some institutions, however, did respond that they had attempted to merge and did not succeed. The declaration of

Table 5. Frequency Counts and Percentage Distribution of Various Severe Responses of Higher Education Institutions by Degrees of Enrollment Stress, 1979-1981 and 1982-1984

Variable[a]	Type I (++) N=5				Type II (-+) N=5				Type III (+-) N=10				Type IV (--) N=3			
	79-81		82-84		79-81		82-84		79-81		82-84		79-81		82-84	
	f	%	f	%	f	%	f	%	f	%	f	%	f	%	f	%
MERGE	-		-		-		-		-		-		-		-	
FNEGNC	-		-		2	40	2	40	1	10	2	20	-		1	33
CLOSE	-		-		-		-		-		-		-		1	33

[a] MERGE - merger with another institution or system; FNEGNC - declaration of financial exigency; CLOSE - closure of institution

[b] Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

financial exigency increased from 13 percent in 1979-1981 to 22 percent in 1982-1984.

The most significant response was the closure of one private institution, a Type IV (--) institution. Located in the Northeast, the school closed in May 1983. The institution responded to financial/enrollment stress with a wide variety of measures that apparently failed to overcome the deteriorating conditions. The responses not selected (e.g., tuition or fee surcharge, significant increase in tuition) likely would have been construed as actions to thwart enrollment growth. In both time periods, fund-raising and recruiting efforts were increased sharply, but evidently to no avail. The number of tenured faculty members terminated increased from two in 1979-1981 to ten in 1982-1984. Although the sample used in this study is a small representative of four-year institutions nationwide, it is noteworthy that one of the institutions did close during the period analyzed.

Table 5 indicates that institutional responses from this category were apparent in all groups but the Type I (++) institutions. As expected, Type II (-+) institutions were more active in this category than Type II (+-) during the 1979-1981 period. Although there was a slight increase among the Type III (+-) institutions that declared financial exigency, the proportion of those institutions was not greater than that of Type II (-+) during the 1982-1984. Contrary to what was anticipated, Type IV (--) showed relatively limited activity, the one exception being, of course, the institution that closed.

Summary. This sub-section has shown that institutional responses from the operational and programmatic categories not only occur in the initial stages of stress but continue and expand. On the whole, those responses are nonpersonal (Cheit, 1971) and are relatively easy to implement. Actions that would be

considered more reactive approaches to institutional management--policy development and faculty adjustments--were notably infrequent during the 1975-1978 time but increased in usage over time.

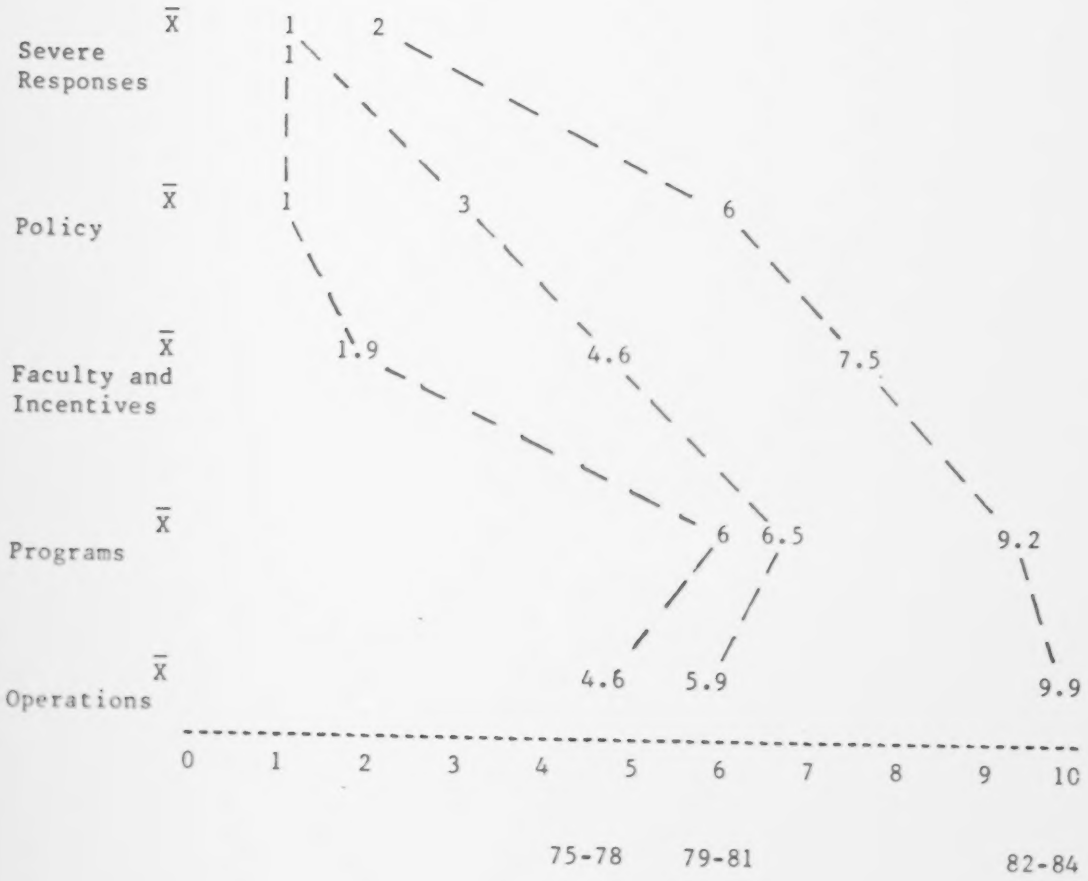
Institutional Responses, Aggregated and Disaggregated

The data were aggregated and disaggregated. Each manner of treatment pointed to different conclusions.

Aggregated Data. In the aggregate, a pattern of institutional responses to stress was apparent: Responses from the less reactive operational and programmatic categories preceded responses from the remaining three categories; with time, responses from all of the categories increased (see Figure 1). Initially, institutions responded with measures that have little impact on faculty. As stress continued, institutions developed policies that clearly defined processes and procedures for the institution to follow. Furthermore, declining as well as growing institutions responded with actions that impinged on faculty. Finally, in recognition of the seriousness of the problem, declining institutions responded with severe measures.

Disaggregated Data. In contrast, the disaggregated data showed that institutional behavior was individualistic. Comparisons of behavior among the four institutional groupings occasionally were contrary to what was hypothesized; more reactive responses from the faculty adjustments and policy development categories were not always associated with declining conditions.

To compare institutional behavior among the four institutional groupings, individual institutional mean scores for each response category were calculated for FYs 1979-1981 and 1982-1984 and plotted on scattergrams. The first period of analysis, FYs 1975-1978, was omitted because of the inability to classify



Aggregated Mean Scores of Institutional Responses,
FYs 1975-1978, 1979-1981, 1982-19841

Figure 1

the institutions accurately according to enrollment growth or decline. In each case, the horizontal axis was used to plot the mean score for the 1979-1981 period and the vertical axis for the 1982-1984 period. By plotting the mean scores in this fashion, it was possible to identify readily whether groups behaved similarly or differently. Points plotted toward the vertical axis indicate increasing activity in the later time period, and points along the horizontal axis indicate greater activity during the earlier period. For example, if one institution did not respond with any measure from a particular category during the 1979-1981 period but responded with a variety of measures during the 1982-1984 period, that institutional mean score is located on the vertical axis. The mean score for an institution that adopted an equal number of measures in each time frame is located along a line bisecting the vertical and horizontal axes. The mean score for an institution that did not select any response from a particular category for either time frame is located at the origin of the axes.

Figures 2-6 indicate that individual means scores show some variation among the sequence of responses. Figure 2 reveals that operational responses tend to increase with time, regardless of the enrollment conditions; however, the magnitude of the increases apparently correspond to the level of decline. In similar fashion, the overall mean scores of programmatic responses (see Figure 3) for each of the four institutional categories are comparable to the overall mean scores of the operational responses for the same period and seem to indicate that such programmatic responses are among the early actions to respond to real or anticipated stress. On the other hand, responses associated with faculty adjustments appear to increase with the degree of stress. Figure 4 shows that the Type IV (--) institutions had the highest overall mean score

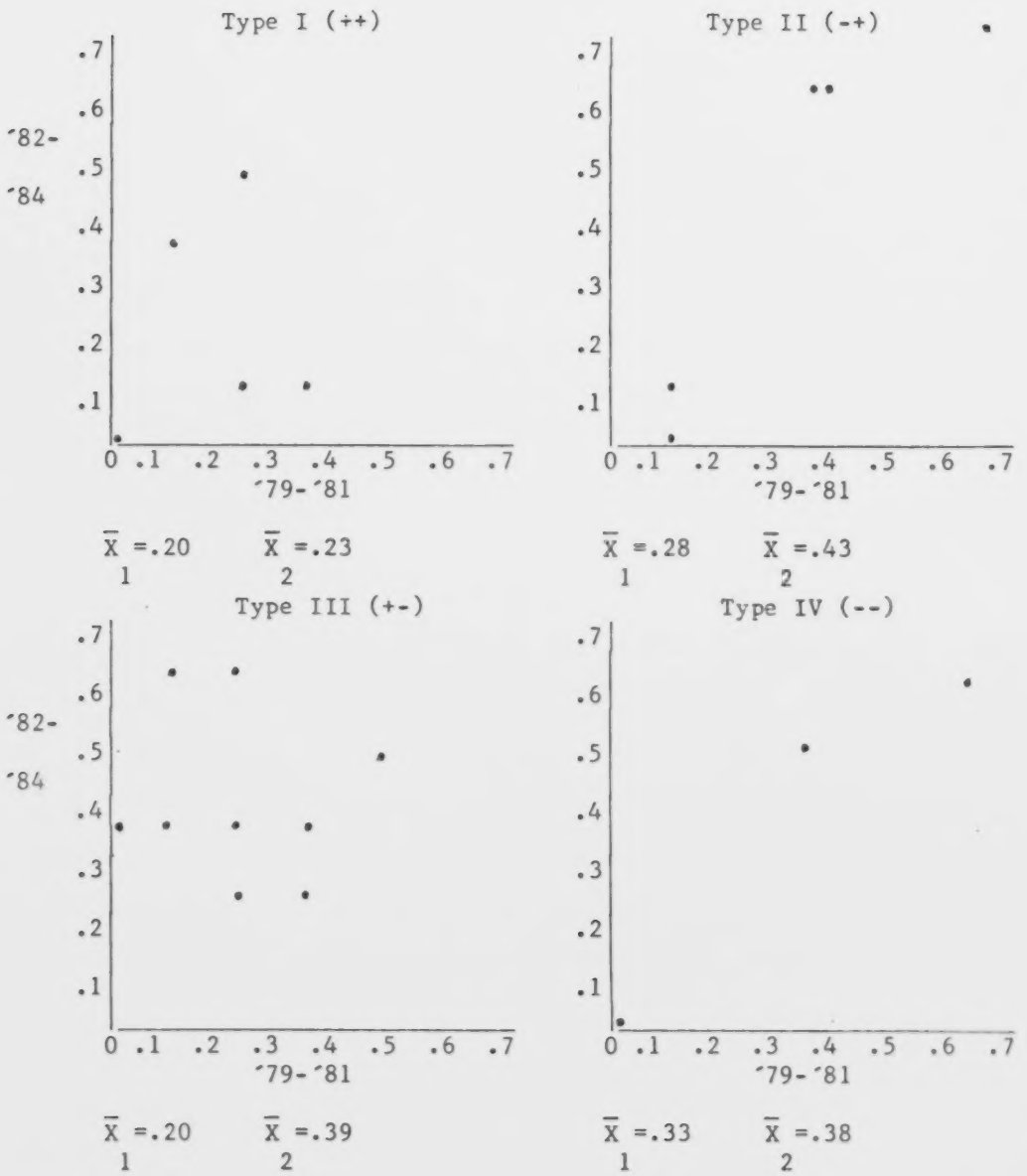


Figure 2
Individual Mean Scores Depicting Various Operational Responses of Higher Education Institutions, 1979-1981 and 1982-1984

Type I - growth during FYs 1979-1981, decline during FYs 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - decline during FYs 1979-1981, 1982-1984
Type IV - stable or growing conditions during FYs 1979-1981, 1982-1984

$\bar{X}_1$ - mean score for FYs 1979-1981; $\bar{X}_2$ - mean score FYs 1982-1984

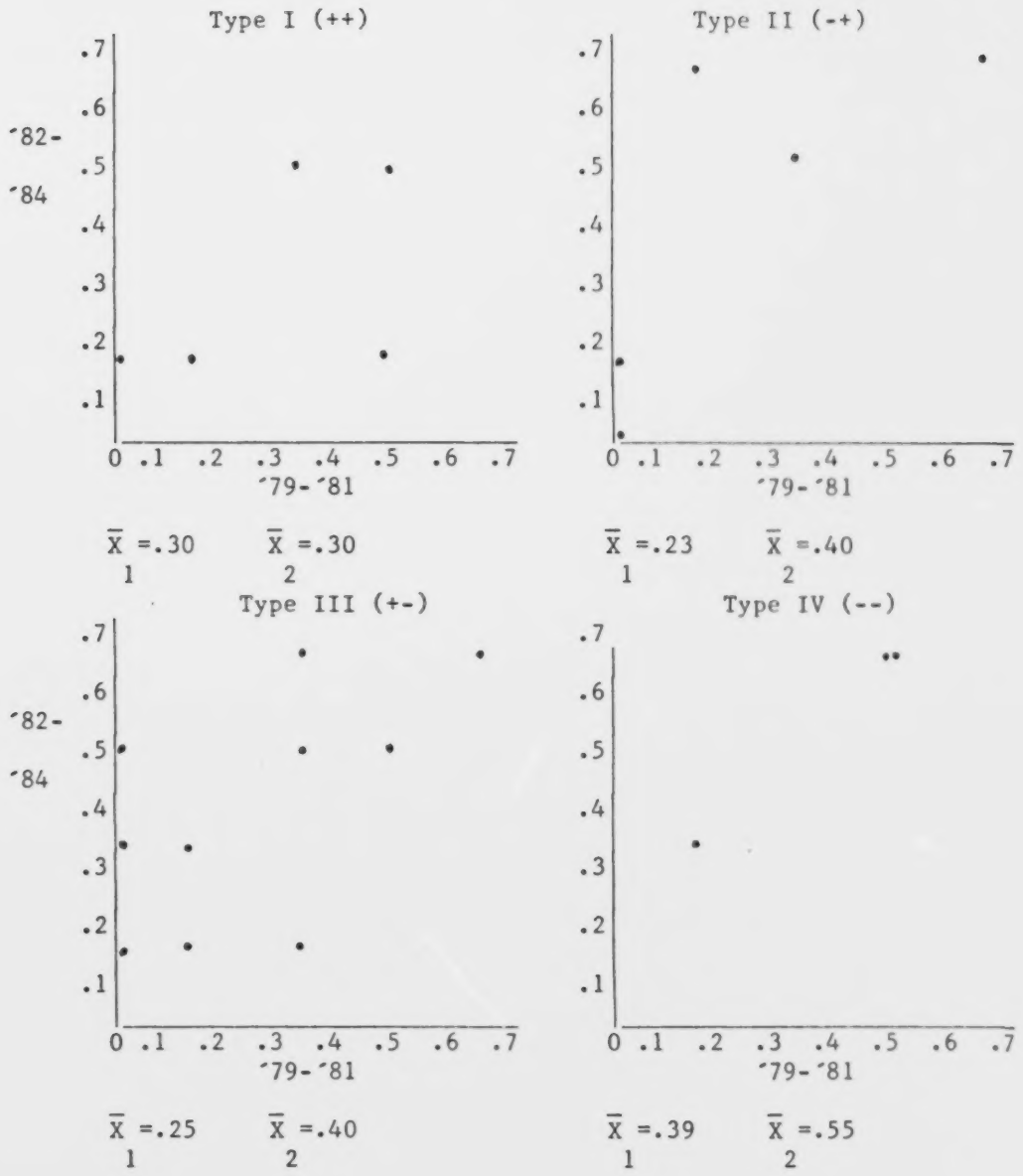


Figure 3
Individual Mean Scores Depicting Various Programmatic Responses of Higher Education Institutions, 1979-1981 and 1982-1984

Type I - stable or growing conditions during FYs 1979-1981, 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - growth during FYs 1979-1981, decline during FYs 1982-1984
Type IV - decline during FYs 1979-1981, 1982-1984

$\bar{X}_1$ - mean score for FYs 1979-1981; $\bar{X}_2$ - mean score FYs 1982-1984

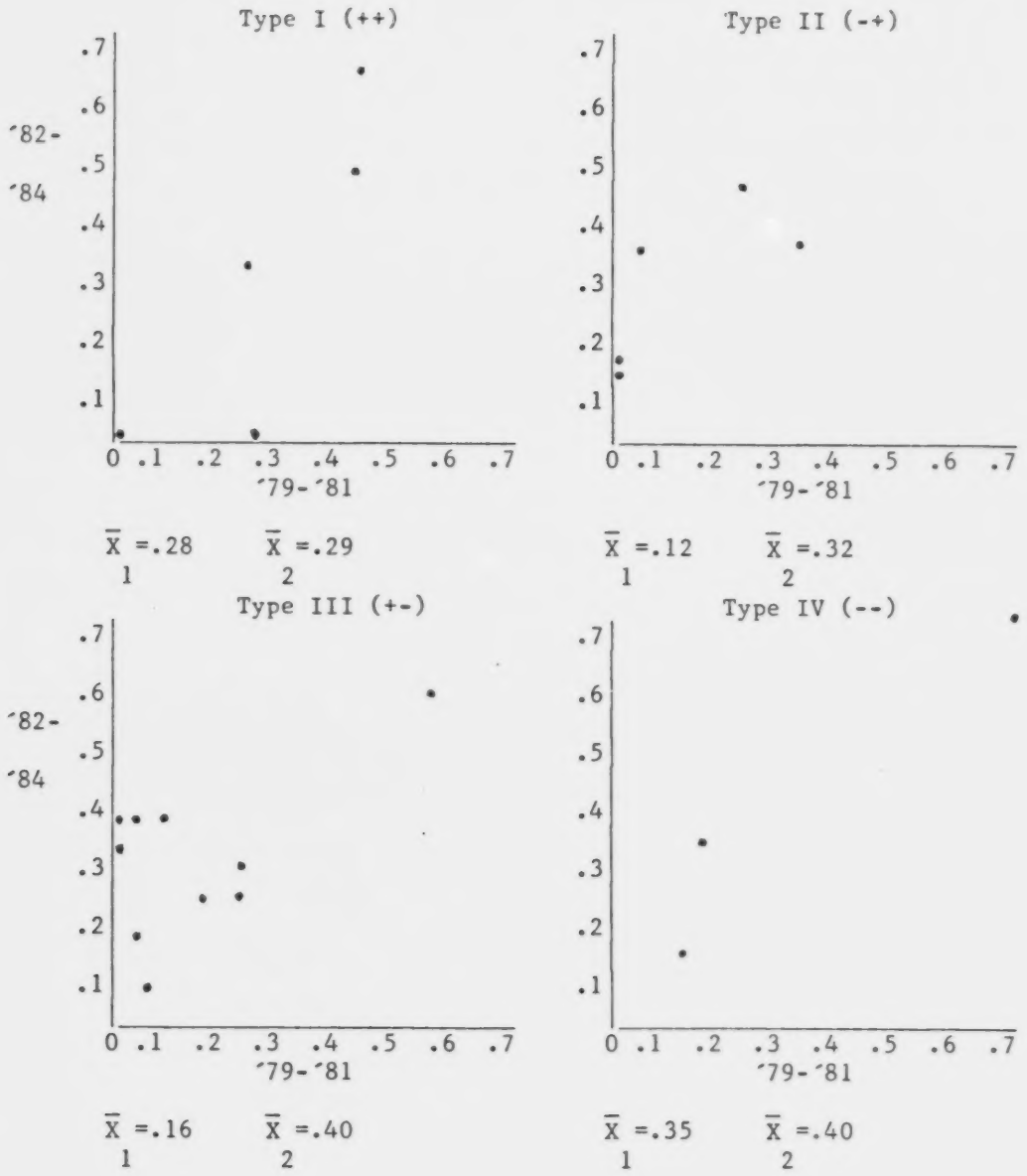


Figure 4
Individual Mean Scores Depicting Responses that Affect Faculty and Incentives in Higher Education Institutions, 1979-1981 and 1982-1984

Type I - stable or growing conditions during FYs 1979-1981, 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - growth during FYs 1979-1981, decline during FYs 1982-1984
Type IV - decline during FYs 1979-1981, 1982-1984

$\bar{X}_1$ - mean score for FYs 1979-1981; $\bar{X}_2$ - mean score FYs 1982-1984

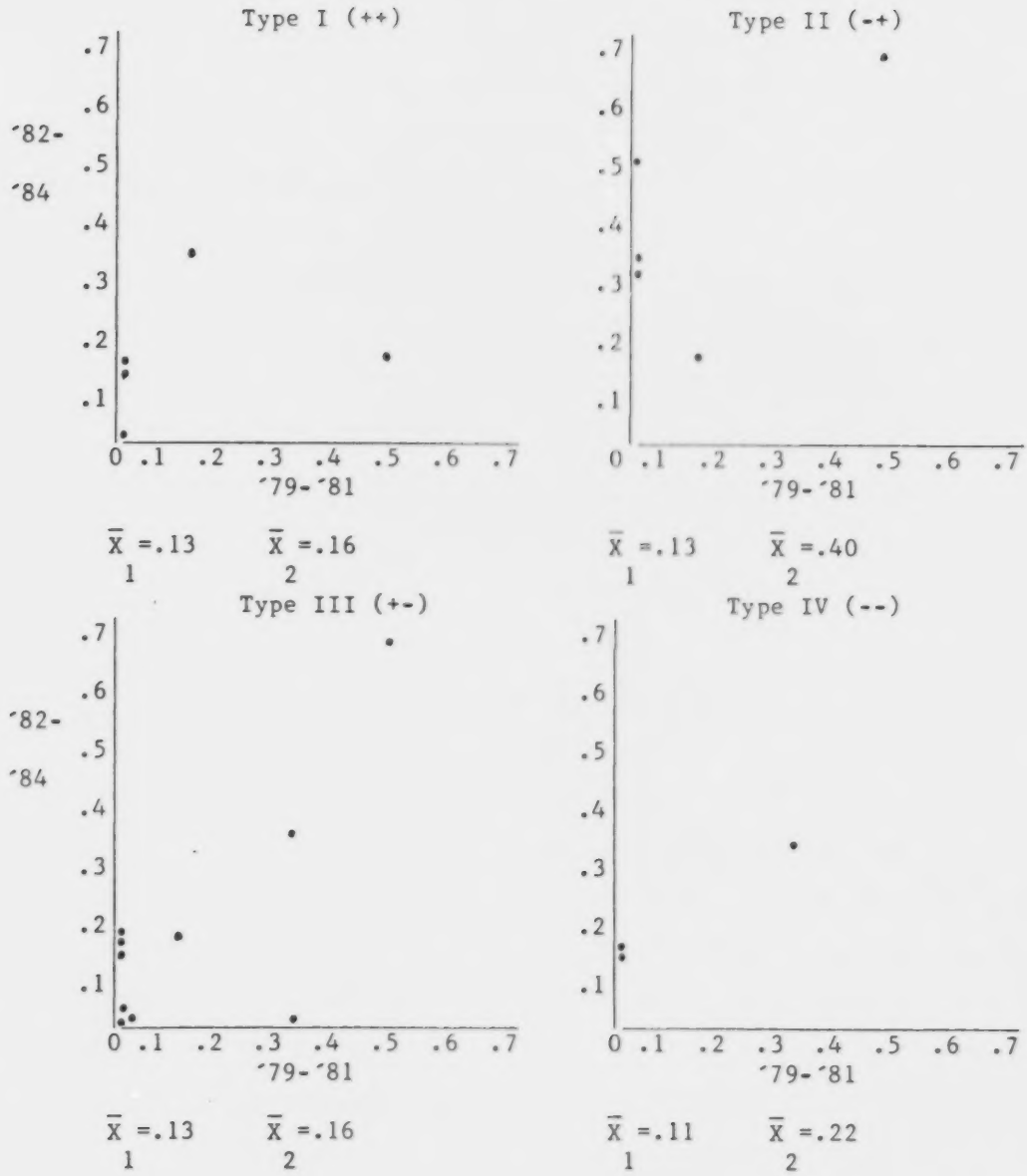


Figure 5
Individual Mean Scores Depicting Policy Development in Higher Education Institutions, 1979-1981 and 1982-1984

Type I - stable or growing conditions during FYs 1979-1981, 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - growth during FYs 1979-1981, decline during FYs 1982-1984
Type IV - decline during FYs 1979-1981, 1982-1984

$\bar{X}_1$ - mean score for FYs 1979-1981; $\bar{X}_2$ - mean score FYs 1982-1984

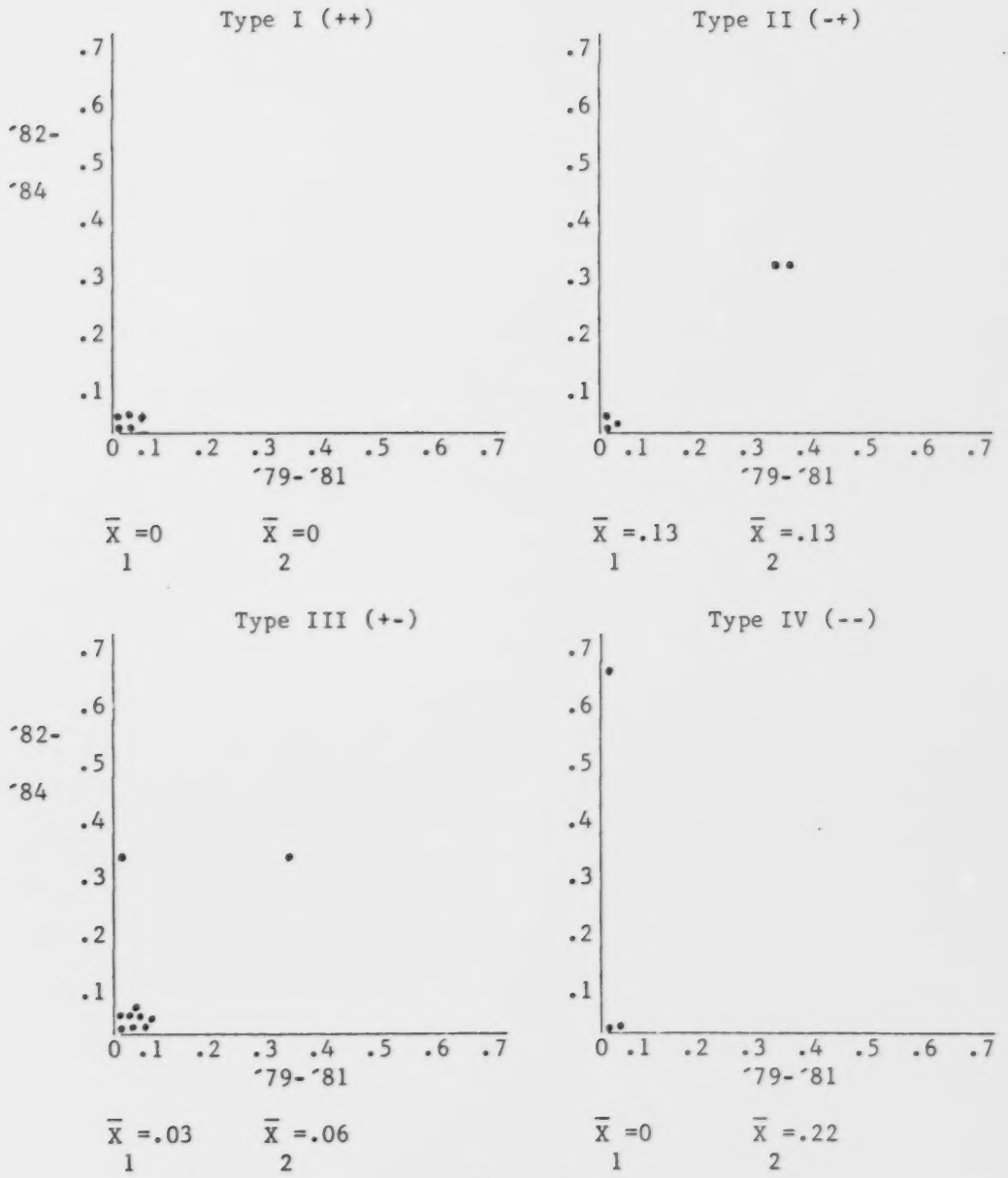


Figure 6
Individual Mean Scores Depicting Severe Responses in Higher Education Institutions, 1979-1981 and 1982-1984

Type I - stable or growing conditions during FYs 1979-1981, 1982-1984
Type II - decline during FYs 1979-1981, recovery during FYs 1982-1984
Type III - growth during FYs 1979-1981, decline during FYs 1982-1984
Type IV - decline during FYs 1979-1981, 1982-1984

$\bar{X}_1$ - mean score for FYs 1979-1981; $\bar{X}_2$ - mean score FYs 1982-1984

for the 1979-1981 period, and that the Type I (++) institutions had a higher overall mean score than the Type II (-+) and III (+-) institutions for that same period. Yet, the overall mean score for the Type IV (--) institutions did not show the degree of increase that scores for Types II (-+) and III (+-) did. Development of policies that define specific institutional procedures generally is not among the first responses to fiscal stress as indicated by the clustering of individual mean scores around the vertical axes in the scattergrams in Figure 5. Finally, Figure 6 shows that severe responses are associated only with decline.

Miscellaneous Findings

This section focuses on other findings that bear mention. To corroborate the quantitative data, miscellaneous items were included in the questionnaire as a measure of institutional environments or as possible intervening variables. First is the apparent connection between decline and the appointment of new presidents. Second is the high percentage of institutions reporting that innovative activity had increased as a consequence of fiscal stress. Third is the finding that a high number of respondents believed that morale of institutional members improved during the period covered by the questionnaire. Fourth, the study found that the degree of faculty consultation and participation in decision making had increased considerably.

Connection between Decline and the Appointment of New Presidents. The appointment of a new president was included in the questionnaire as an intervening variable that possibly could explain a change in institutional behavior. The study found a higher incidence of appointments of new presidents at declining institutions than growing/stable institutions. The study uncovered

the following information relevant to the appointment of new presidents:

a. Type I (++) institutions, N=5: one institution had a new president (appointment occurred in 1982);

b. Type II (-+) institutions, N=5: four institutions had new presidents (appointments took place in 1982 and 1983);

c. Type III (+-) institutions, N=10: five institutions had new presidents (appointments occurred in 1978, 1980, 1983, 1984, and in both 1981 and 1984 at one institution);

d. Type IV (--), N=3: two institutions had new presidents (appointments occurred in 1980 at the institution that closed and in 1980, 1983, and 1984 at the other institution).

Interestingly, the Type IV (--) institution that did not appoint a new president was the one that did nothing in either the operational responses or policy development, and did very little in the area of faculty adjustments.

Innovative Activity as a Consequence of Fiscal Stress. Because innovation often is cited as a culprit and victim of retrenchment (Cameron, 1983), respondents to the questionnaire were asked their opinion as to whether innovative activity had increased as a consequence of fiscal stress. Noteworthy is the fact that twenty-one of the respondents (91 percent) indicated that innovative activity increased at their institutions as a result of fiscal stress. This finding appears significant because often resource scarcity tends to breed a conservative climate in which "innovation becomes a scapegoat" (Whetten, 1981, p. 89). Furthermore, it is argued that personal and organizational dynamics in education inhibit innovation during a time of resource scarcity (Peterson, 1984; Whetten, 1981).

Improved Morale. A question as to whether morale among institutional members had improved since 1978 was included because of the frequent mention of declining morale in the original ACE/NACUBO report. Sixteen respondents (69.6 percent) believed that morale of institutional members improved during the six years covered by the questionnaire. Much like the finding on innovative activity, this finding appears to contradict much of the retrenchment literature which cites the negative impact of declining conditions and retrenchment on faculty morale (Peterson, 1984; Cameron and Chaffee, 1983).

Increased Faculty Role in Decision Making. Also included as a potential intervening variable was the degree of faculty consultation and involvement in planning and implementing retrenchment strategies or institutional changes. As previous studies have shown, faculty who are included in planning the early stages of resource conservation can be expected to accept impending change more willingly than those excluded from the planning process (Peterson, 1984; Dallam and Hoyt, 1983; Craven, 1981; Mingle, 1981). Sixty-five percent of the respondents indicated that faculty consultation and participation in decision making had increased since 1979.

Conclusion

This study was directed toward identifying a sequence of institutional responses to fiscal stress with the purpose of building a theory of retrenchment, or at least, establishing the beginning tenets of such a theory. To construct a theory, it was necessary to determine whether a sequence of responses, does, in fact, occur as suggested by previous studies. This study is distinguished from the other studies in that it analyzed institutional

responses to fiscal stress over a ten-year period; prior studies examined responses for only a short given period of time.

In the aggregate, a pattern of institutional responses to fiscal stress is apparent: The less reactive operational and programmatic responses preceded the more potentially reactive responses. The majority of early responses to fiscal stress clearly are those without serious impact upon faculty or upon clientele. Moreover, responses considered painless and nonpersonal (Cheit, 1971) abound over time. As fiscal stress continues, worsens, or threatens, institutional behavior becomes more rational in the traditional sense; that is, potentially reactive measures that impinge on programs and faculty status become more widely used.

In contrast to the aggregated institutional responses, individual institutional responses indicate that institutional behavior is individualistic. Contrary to what was anticipated, responses generally perceived as reactive often were not associated with decline; growing/stable institutions frequently were more responsive than declining ones. In many cases, the strong institutions, were more active in initiating change than the declining institutions. Such findings may imply that the strong institutions are better able to manage and plan their strategies, while the weaker institutions focus on coping with week-to-weck survival, or perhaps semester-to-semester survival. Past studies have shown that university and college presidents believed that declining enrollments were a threat to higher education but that their institutions would not be affected (Baldridge et al., 1982; Cyert, 1980). Perhaps this denial of declining conditions pervaded some of the leadership represented in this sample and explains the nonresponse to fiscal stress by some institutions. Apparently, responses to stress are a function of leadership.

Although leaders select nonreactive responses to fiscal stress in the early stages, then more reactive responses in the later stages of stress, they utilize measures to make the change more palatable. The reported increase in the degree of faculty consultation and involvement in planning and implementing retrenchment strategies indicates that attempts to reverse the normally negative impact of retrenchment were frequent and, perhaps, accounted for the improved morale among institutional members. It would appear safe to conclude that even though the more reactive responses become numerous, other actions seek to assuage institutional members. Not only the increased participation in decision making, but the use of a crisis context generated by declaring financial exigency in some cases, increases the the awareness that change is essential and likely imminent.

From the findings of this study, it is obvious that no single strategy provides the key either to recovery from decline or to maintaining stable and/or growing conditions. The success of the responses to fiscal stress likely is dependent on the success of the leadership to develop a consensus and commitment from faculty that change is essential. In the period of change, it is the responsibility of the leadership not only to manage and allocate resources, both human and fiscal, but to lead in order to facilitate the change process. Whether leadership chooses crisis management or a carefully planned strategy, persuading and convincing institutional members that change is necessary will be a must. "A university president, therefore, must...be a manager of change, a navigator who steers his or her institution through the treacherous channels of constant transformation" (Keller, 1983, p. 123). Not only strong leadership, but the approach employed by the leadership will be equally important. Careful planning will help maintain institutional quality and

integrity and, at the same time, hopefully preserve its most valuable resource--its faculty.

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